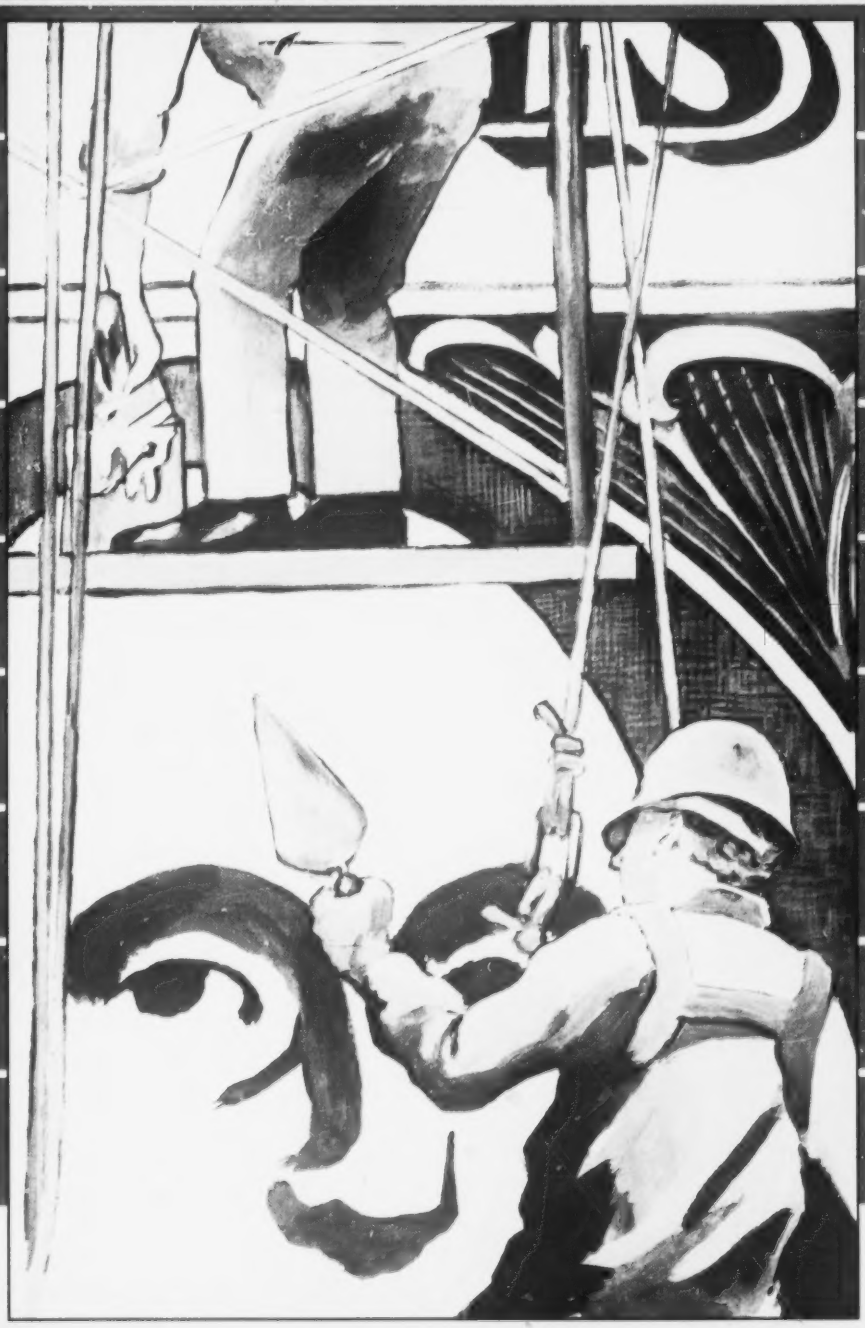
ALASKA ECONOMIC TRENDS



MAKING A BUCK:
INCOME GROWTH SLOWS

READER SURVEY RESULTS

AUGUST ECONOMY
HITS DOLDRUMS

November 1991

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with a variety of economic-related issues occuring in the state.

Alaska Economic Trends is funded by the Alaska State Employment Service and published by the Alaska Department of Labor, Research and Analysis Section, P.O. Box 25501, Juneau, Alaska 99802-5501, Telephone: (907) 465-4500. Telefax: (907) 465-2101.

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November 1991
Volume 11
Number 11

Alaska State Employment Service

UNEMPLOYMENT INSURANCE

maintaining the foundation of economic security

This publication, released by the Department of Labor's Employment Service Division and Research and Analysis Section, was produced at a cost of $.76 per copy.

Cover design by Jim Fowler

Printed and distributed by ASETS, a vocational training center and employment program.*

Making a Buck: Income Growth Slows

By Neal Fried

Alaska's income position made some headway in 1990 and early 1991. This was accomplished even though the big oil spill paychecks and other oil-spill related earnings were clearly absent from Alaska's most recent income figures.

In 1990, Alaska's total personal income slowed to a 6% growth rate, from 16% in 1989. In dollars, Alaska's personal income was close to $12 billion in 1990 -- an increase of $680 million from the previous year. (See Figure 1.) It did not keep up with the exceptional increase of more than one billion dollars enjoyed in 1989. Instead, 1990's performance could be characterized as average when compared to the rest of the nation.

From a historical perspective, 1990's personal income performance was below par. Before the 1986 recession (1970-1985) Alaska's annual personal income growth rate averaged 13%, compared to 10% for the nation. From 1986 to the present Alaska's average annual growth rate fell to 5%, slower than the national average of 7%. This slowdown in personal income growth is affecting Alaska's ranking among states.

Alaska's per capita income ranking in the nation remained in seventh place in 1990. (See Table 2.) Alaska's 1990 per capita rank among states continues a trend that began in 1986, when Alaska lost its 13-year hold on the top rank. Over the past five years, Alaska has fluctuated between third and seventh place. Along a similar vein, Alaska's per capita income, as a percent of the nation's per capita income, declined steadily from 1982 to 1988 (See Table 1.) In 1990, as in 1989, Alaska's per capita income rose against the national average, but was only 16% above it. (See Figure 2.)

Average household income figures are also represented in Table 2. They are calculated by multiplying per capita income figures by the state's average household size. Because Alaska's household size is larger than the national average, this income ranking climbs to the number four spot.

Another measure of per capita income sheds a different light on Alaska's income picture. This measure is per capita disposable income. It measures income after deducting taxes and insurance contributions. Alaska's disposable income in 1990 was $18,974. When looking at income from this angle, Alaska moves up in rank

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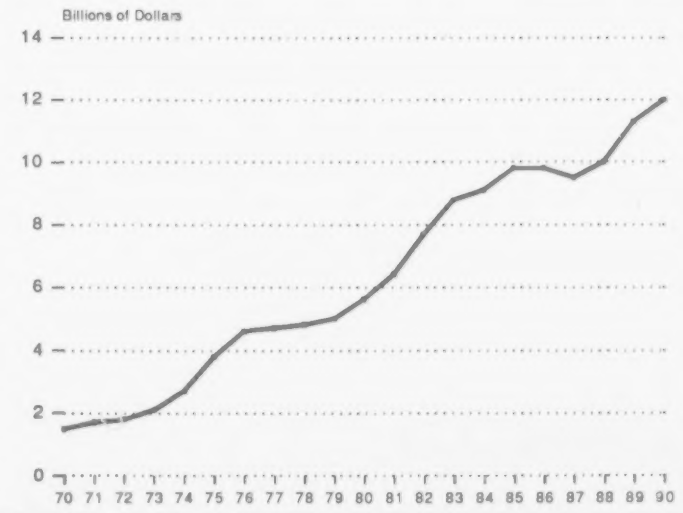
Alaska remains in 7th place in per capita income

Per capita income is simply total personal income divided by resident population. Alaska's per capita income increased 5.2% in 1990, which translates into $21,688 for every man, woman and child in the state. (See Table 1.) In dollars not adjusted for inflation, it represents the highest per capita income Alaska has ever enjoyed. After adjusting for inflation, however, the 1990 per capita income figure actually falls short of last year's record high. In 1990 dollars, 1989 per capita income would have been $21,882.

Figure • 1

Alaska Total Personal Income 1970-1990



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure • 2

Alaska's Per Capita Income Higher Than U.S., But Lead Narrows

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

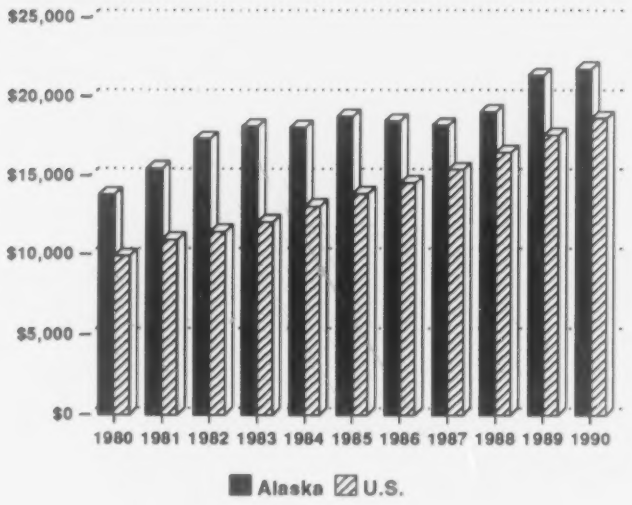


Table • 1

Total and Per Capita Personal Income Alaska & U.S. 1970-1990

	Alaska total (in millions of dollars)	U.S. total (in millions of dollars)	Alaska per capita (in dollars)	U.S. per capita (in dollars)	Alaska per capita as % of U.S. Average
1970	1,544	825,534	5,073	4,051	125
1971	1,679	888,536	5,305	4,296	123
1972	1,827	976,181	5,596	4,665	120
1973	2,148	1,095,289	6,447	5,182	124
1974	2,650	1,204,899	7,689	5,648	136
1975	3,780	1,308,482	10,189	6,073	168
1976	4,560	1,447,002	11,599	6,651	174
1977	4,701	1,602,863	11,831	7,294	162
1978	4,791	1,806,968	11,912	8,136	146
1979	5,021	2,028,510	12,582	9,033	139
1980	5,599	2,254,076	13,835	9,919	139
1981	6,449	2,514,231	15,410	10,957	141
1982	7,739	2,663,432	17,213	11,497	150
1983	8,758	2,834,385	17,931	12,123	148
1984	9,140	3,101,163	17,790	13,149	135
1985	9,802	3,317,545	18,405	13,942	132
1986	9,820	3,519,364	18,040	14,654	123
1987	9,561	3,754,577	17,726	15,494	114
1988	10,105	4,058,796	18,642	16,598	112
1989	11,276	4,376,369	20,609	17,731	116
1990	11,956	4,662,698	21,688	18,691	116

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

among states to the number five spot. According to disposable income figures, Alaskans keep 87% of their personal income versus 85% for the nation. This is not surprising. With no state income tax and moderate or no sales or property taxes, Alaska's tax burden is lower than in other states.

What is included in income?

The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) produces the income data discussed in this article. BEA produces this data for the nation, all the states (including the District of Columbia) and all counties in the nation. In Alaska's case, the county equivalent are boroughs and census areas.

Included in the personal income figures are:

Net earnings -- which consists of wages and salaries, other labor income (for example, contract work or tips), and proprietary income, minus contributions for social insurance;

Dividends, interests and rent on assets; and

Transfer payments -- which consists of government payments to individuals and nonprofit corporations, and business payments to individuals. Examples are welfare, social security and unemployment insurance payments. In Alaska the longevity bonus and permanent fund dividends are also included in this category. In-kind transfers such as food stamps, medicaid and medicare are not included.

In Alaska there is another form of income, subsistence. Because it is nonmonetary, it is not included in BEA statistics. However, subsistence is a substantial source of income for residents in many areas of the state.

More than 70% of Alaska's personal income comes from earnings -- a larger proportion than the nation's.

Table • 2

Per Capita Personal Income by State 1989-1990

STATE	1990	1989	1989-1990 Percent Change	1990 percent of U.S.	1990 average persons per household	1990 average household income
Connecticut	$25,484	$24,459	4.2	136	2.67	$68,042
New Jersey	24,936	23,671	5.3	133	2.77	69,073
District of Columbia	23,243	21,788	6.7	124	2.43	56,480
Massachussets	22,569	21,844	3.3	121	2.68	60,485
New York	22,086	20,836	6.0	118	2.71	59,853
Maryland	21,789	20,779	4.9	117	2.73	59,484
ALASKA	21,688	20,609	5.2	116	2.81	60,943
New Hampshire	20,827	20,413	2.0	111	2.70	56,233
California	20,677	19,730	4.8	111	2.87	59,343
Illinois	20,419	19,316	5.7	109	2.72	55,540
Hawaii	20,356	18,652	9.1	109	3.11	63,307
Delaware	20,022	19,283	3.8	107	2.69	53,859
Virginia	19,671	18,879	4.2	105	2.70	53,112
Nevada	19,035	18,392	3.5	102	2.58	49,110
Colorado	18,890	17,801	6.1	101	2.57	48,547
Rhode Island	18,802	18,080	4.0	101	2.66	50,013
Washington	18,775	17,784	5.6	100	2.60	48,815
Minnesota	18,731	17,827	5.1	100	2.66	49,824
U.S.	18,691	17,731	5.4	100	2.71	50,653
Pennsylvania	18,686	17,630	6.0	100	2.54	47,462
Florida	18,530	17,832	3.9	99	2.52	46,696
Michigan	18,360	17,644	4.1	98	2.72	49,939
Kansas	18,162	16,950	7.2	97	2.62	47,584
Ohio	17,564	16,640	5.6	94	2.65	46,545
Wisconsin	17,560	16,674	5.3	94	2.69	47,236
Nebraska	17,549	16,365	7.2	94	2.62	45,978
Vermont	17,511	16,916	3.5	94	2.67	46,754
Missouri	17,472	16,712	4.5	93	2.61	45,602
Iowa	17,218	16,190	6.3	92	2.61	44,939
Oregon	17,196	16,272	5.7	92	2.58	44,366
Maine	17,175	16,460	4.3	92	2.64	45,342
Georgia	17,049	16,239	5.0	91	2.74	46,714
Indiana	16,890	16,078	5.1	90	2.68	45,265
Texas	16,716	15,682	6.6	89	2.80	46,805
Wyoming	16,314	14,930	9.3	87	2.69	43,885
North Carolina	16,293	15,450	5.5	87	2.63	42,851
Arizona	16,012	15,364	4.2	86	2.68	42,912
Tennessee	15,866	15,020	5.6	85	2.63	41,728
South Dakota	15,797	14,385	9.8	85	2.69	42,494
Oklahoma	15,457	14,504	6.6	83	2.61	40,343
Montana	15,270	14,442	5.7	82	2.61	39,855
Idaho	15,249	14,233	7.1	82	2.79	42,545
North Dakota	15,215	13,997	8.7	81	2.65	40,320
South Carolina	15,151	13,985	8.3	81	2.77	41,968
Alabama	15,021	14,068	6.8	80	2.68	40,256
Kentucky	15,001	14,031	6.9	80	2.67	40,053
Louisiana	14,542	13,360	8.8	78	2.82	41,008
New Mexico	14,265	13,458	6.0	76	2.79	39,799
Arkansas	14,188	13,335	6.4	76	2.64	37,456
Utah	13,993	13,065	7.1	75	3.21	44,918
West Virginia	13,755	12,754	7.8	74	2.61	35,901
Mississippi	12,823	12,077	6.2	69	2.82	36,161

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table • 3

Alaska's Per Capita Income by Borough and Census Area 1987-1989

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**The Aleutian Islands census area was divided into the Aleutian Island East Borough and the Aleutian Island West census area in 1988.*

	1987	1988	1989	Percent of U.S.	Rank in State	1988-89 Percent Change
ALASKA	17,726	18,642	20,609	116.2	—	10.6
U.S.	15,494	16,598	17,731	100.0	—	6.8
Area Name						
Aleutian Islands Census Area*	17,963	—	—	—	—	—
Aleutians East Borough*	—	19,323	22,255	125.5	9	15.2
Aleutians West Census Area*	—	20,704	21,482	121.2	11	3.8
Anchorage, Municipality of	20,180	21,699	24,773	139.7	6	14.2
Bethel Census Area	11,493	12,052	12,820	72.3	23	6.4
Bristol Bay Borough	24,632	26,709	29,755	167.8	2	11.4
Dillingham Census Area	15,183	17,304	18,171	102.5	16	5.0
Fairbanks North Star Borough	17,024	17,002	18,507	104.4	15	8.9
Haines Borough	27,713	32,720	37,548	211.8	1	14.8
Juneau Borough	22,061	23,221	25,075	141.4	5	8.0
Kenai Peninsula Borough	14,898	16,186	19,543	110.2	14	20.7
Ketchikan Gateway Borough	22,336	23,503	26,530	149.6	4	12.9
Kodiak Island Borough	16,524	17,643	20,537	115.8	13	16.4
Matanuska-Susitna Borough	12,795	13,283	14,565	82.1	20	9.7
Nome Census Area	13,953	14,229	15,103	85.2	18	6.1
North Slope Borough	19,854	19,689	22,219	125.3	10	12.8
Northwest Arctic Borough	12,636	13,645	14,711	83.0	19	7.8
Prince of Wales-Outer Ketchikan C.A.	15,096	15,809	16,986	95.8	17	7.4
Sitka Borough	20,142	21,783	23,995	135.3	7	10.2
Skagway-Yakutat-Angoon Census Area	17,718	19,232	21,207	119.6	12	10.3
Southeast Fairbanks Census Area	11,350	12,312	12,956	73.1	22	5.2
Valdez-Cordova Census Area	20,377	23,094	27,727	156.4	3	20.1
Wade Hampton Census Area	8,993	9,003	9,548	53.8	24	6.1
Wrangell-Petersburg Census Area	20,973	22,923	22,862	128.9	8	-0.3
Yukon-Koyukuk Census Area	11,726	12,446	13,022	73.4	21	4.6

(See Figure 3.) One reason may be that a larger percentage of Alaska's working age population participate in the labor force and are receiving earnings from their employment.

Alaskans receive less of their income from dividends, interest and rent. Alaska's median age is younger than the nation's (29.4 versus 32.9); a younger population has had less time to accumulate the wealth that generates this type of income. Another reason for this disparity may be because a larger share of Alaska's economy is in the public sector where it is less likely to earn this form of income. This may seem surprising, given Alaska's unique permanent fund dividend and longevity bonus programs. BEA counts these sources of income, however, as transfer payments.

Counting these two programs as transfer payments is probably why Alaskans earn the same proportion of their income from transfer payments as their national counterparts. Without them, Alaska would be expected to have less transfer payment income than other states. This is because social security is the most important component in the national transfer payment category, and only 4.1% of Alaska's population is 65 years and older versus the nation's 12.6%.

Income varies widely within the state

BEA also produces per capita income data for Alaska's boroughs and census areas. The most recent income figures for these areas is 1989. They graphically illustrate the diversity of earning power in the state. (See Table 3.) Per capita income in eight of these boroughs and census areas falls below the national average. The Wade Hampton census area's per capita income is only slightly more than half the national average.

Although low and high per capita incomes tend to fall along the rural and urban lines, there are almost too many exceptions to make this generalization. For example, the Bristol Bay and North Slope Boroughs enjoy

higher-than-average per capita incomes. These two rural boroughs have relatively high-paying industries within their boundaries -- fishing in Bristol Bay and oil in the North Slope. On the other hand, the more urban Kenai Peninsula and Matanuska-Susitna Boroughs have per capita income figures that are below average.

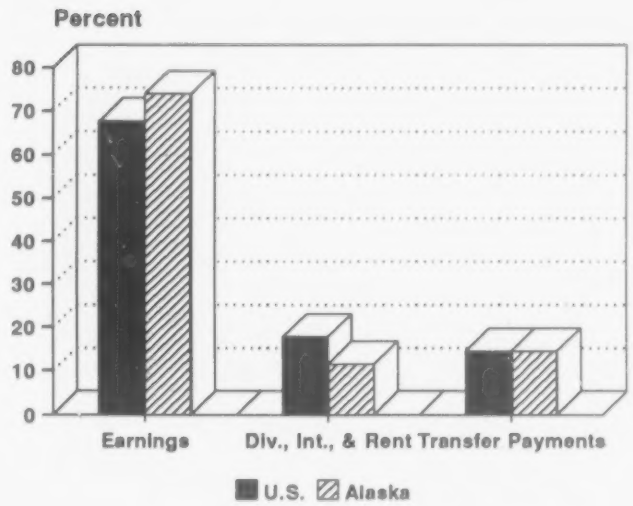
BEA provides other interesting detailed income information. One such detail is the adjustment for residency. Income earned by a nonresident is subtracted from the state's total and added to another state. This "lost" income was $619 million in 1990.

Likewise, income earned by an Alaskan in one census area or borough is transferred to the area within the state where the wage earner lives. The Matanuska-Susitna Borough received 28% of its personal income from sources outside the borough. This is explained by the fact that 37% of its working population hold jobs outside its boundaries.

How much of an area's income is in the form of transfer payments also provides some insight into an economy. (See Table 4.) Residents of the Wade Hampton census area receive 39% of their income from transfer payments. This is a clear sign that this area does not have much of an economic infrastructure. It also must be remembered that subsistence income is not reflected in these figures.

Figure • 3

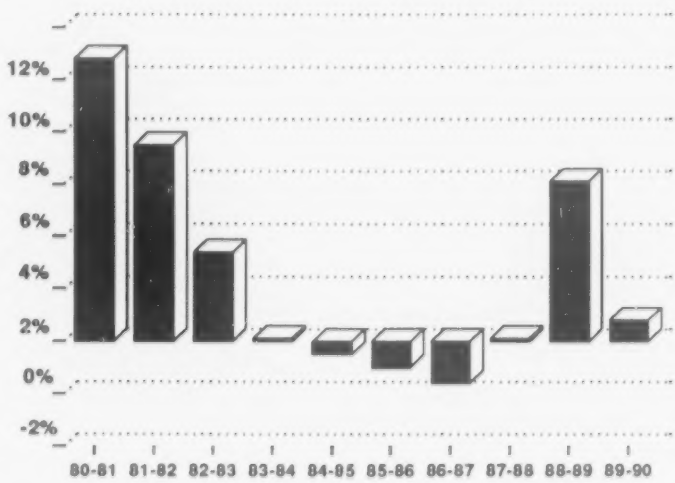
Sources of Personal Income in 1990



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure • 4

Alaska's Average Monthly Wage Growth Slows



Source: Alaska Department of Labor, Research & Analysis

Table • 4

Alaska's 1989 Income by Census Area and Source

	Total Personal Income (millions of dollars)	Percentage Breakdown by Source		
		Net Earnings	Transfer Payments	Dividends Interest & Rent
Alaska	11,254	73.9	14.7	11.4
U.S.	4,376,369	67.9	14.6	17.5
Aleutians East Borough*	40	85.2	9.0	5.7
Aleutians West Census Area*	147	86.6	7.4	6.0
Anchorage, Municipality of	5,313	75.1	12.4	12.5
Bethel Census Area	172	64.6	28.4	6.9
Bristol Bay Borough	44	84.2	9.2	6.7
Dillingham Census Area	114	75.7	15.0	9.3
Fairbanks North Star Borough	1,326	70.1	15.9	14.1
Haines Borough	63	77.5	10.5	12.0
Juneau Borough	674	71.1	14.3	14.7
Kenai Peninsula Borough	797	70.2	15.5	14.3
Ketchikan Gateway Borough	316	71.6	13.4	14.9
Kodiak Island Borough	284	76.4	11.3	12.3
Matanuska-Susitna Borough	581	66.5	19.0	14.5
Nome Census Area	120	66.7	25.6	7.7
North Slope Borough	126	78.4	14.0	7.7
Northwest Arctic Borough	94	64.6	26.1	9.3
Prince of Wales-Outer Ketchikan C.A.	95	74.4	16.7	8.9
Sitka Borough	190	71.6	12.5	15.9
Skagway-Yakutat-Angoon C.A.	84	69.9	18.1	12.1
Southeast Fairbanks Census Area	84	67.4	22.0	10.6
Valdez-Cordova Census Area	247	77.1	12.7	10.2
Wade Hampton Census Area	56	56.8	39.0	4.2
Wrangell-Petersburg Census Area	162	72.1	13.0	14.9
Yukon-Koyukuk Census Area	125	56.1	31.2	12.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

** The Aleutian Islands census area was divided into the Aleutian Island East Borough and the Aleutian Island West census area in 1988.*

Alaska's wages increase slightly

Alaska's average monthly wage picture is nearly identical to the personal income picture. This is no surprise since wages comprise the majority share of personal income. In 1990 the state's average monthly wage increased slightly (see Figure 4), but not enough to cover the increase in the cost of living. Drawing any additional conclusions from these figures must be done cautiously because a variety of factors influences their direction. The average monthly wage is the state's total payroll divided by the total number of jobs. Changes in the number of hours worked, wage rates, or the industry and occupational mix can affect the average monthly wage. Also, a part-time job and a full-time job carry equal weight in the job count.

Mining's average monthly wage is still the highest at $5,438 per month. (See Table 5.) The oil and gas industry, which pays well and has many full-time jobs, accounts for 89% of the mining employment. Retail trade's average monthly wage remains the lowest at $1,394. This is an industry dominated both by low wages and part-time employment. Nearly all the industries made some headway in 1990. Local government failed to make gains, and transportation's decline was directly related to the end of oil spill activity.

The average monthly wage also varies geographically in comparable ways to the personal income figures. There is, however, one important difference. The wage data is not adjusted for residency. The monthly wages are reported where the jobs are and not where the job holders live. A good illustration of this difference is the North Slope Borough. Their average monthly wage is the highest in the state at $4,414; but they ranked tenth in per capita income. The residency adjustment of income but not wage data for Prudhoe Bay is the primary cause for this difference.

The average monthly wage increased in 1990 in most areas, but there were a significant number of areas where wages fell. (See Table 6.) The largest declines came in the areas where the oil spill cleanup work was concentrated -- Kodiak, the Kenai Peninsula, and the Valdez-Cordova census area. The average monthly wage in the Valdez-Cordova census area fell by $1,395 in 1990.

Summary: Income and wage growth slows

The big oil spill earnings of 1989 were clearly absent from 1990's income figures. Income growth in 1990 slowed to less than half the rate of 1989. All but one of Alaska's industries shared in 1990's increases. The only industry that failed to contribute was transportation, and this is only because it is where most of the oil spill earnings were accounted for.

Table • 5

Alaska's Average Monthly Wage by Industry 1980-1990

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Mining	$3,802	$4,030	$4,254	$4,550	$4,703	$5,311	$4,921	$5,171	$5,126	$5,249	$5,438
Construction	3,342	3,756	3,941	3,860	3,651	3,383	3,425	3,315	3,399	3,501	3,671
Manufacturing	1,846	1,828	1,955	2,065	2,115	2,000	2,019	2,116	2,143	2,334	2,336
Trans., Comm. & Utilities	2,458	2,731	2,915	2,931	2,946	2,797	2,896	2,718	2,699	3,395	2,897
Trade	1,342	1,446	1,522	1,598	1,624	1,546	1,610	1,409	1,487	1,566	1,620
Wholesale	2,156	2,286	2,446	2,533	2,558	2,558	2,601	2,484	2,468	2,547	2,684
Retail	1,154	1,244	1,302	1,373	1,397	1,316	1,376	1,272	1,274	1,339	1,394
Finance, Ins. & Real Estate	1,565	1,687	1,915	2,017	2,122	2,252	2,173	2,258	2,216	2,187	2,255
Services	1,404	1,614	1,792	1,831	1,837	1,719	1,802	1,655	1,692	1,802	1,864
Government	1,945	2,142	2,296	2,420	2,480	2,627	2,565	2,641	2,641	2,685	2,739
Federal	1,741	1,952	2,019	2,172	2,268	2,348	2,298	2,414	2,520	2,555	2,686
State	2,312	2,433	2,567	2,683	2,698	2,887	2,829	2,895	2,859	2,882	2,962
Local	1,847	2,071	2,295	2,397	2,464	2,617	2,539	2,615	2,567	2,623	2,610
Statewide	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310	2,452	2,471

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 6

Alaska's Average Monthly Wage by Census Area 1980-1990

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Aleutian Islands Census Area*	$1,549	$1,590	$1,702	$1,693	$1,769	$1,875	$1,892	$2,009	—	—	—
Aleutians East Borough*	—	—	—	—	—	—	—	—	$2,008	$1,959	$1,930
Aleutians West Census Area*	—	—	—	—	—	—	—	—	2,140	2,085	2,302
Anchorage, Municipality of	1,921	2,075	2,208	2,289	2,327	2,346	2,385	2,363	2,378	2,483	2,568
Bethel Census Area	1,197	1,466	1,634	1,735	1,792	1,756	1,830	1,743	1,727	1,819	1,877
Bristol Bay Borough	1,695	2,045	1,989	1,904	2,099	1,860	1,960	2,013	1,970	2,206	2,206
Dillingham Census Area	1,637	1,764	1,849	2,150	1,862	1,858	1,863	1,828	1,850	1,890	2,046
Fairbanks North Star Borough	2,049	2,210	2,384	2,474	2,414	2,432	2,347	2,320	2,236	2,269	2,320
Haines Borough	1,256	1,539	1,728	1,897	2,008	2,089	2,237	2,360	2,373	2,605	1,989
Juneau Borough	1,873	2,093	2,195	2,283	2,267	2,295	2,320	2,341	2,339	2,341	2,382
Kenai Peninsula Borough	2,031	2,197	2,313	2,309	2,344	2,343	2,255	2,169	2,245	2,531	2,438
Ketchikan Gateway Borough	1,868	1,904	2,069	2,137	2,110	2,099	2,107	2,138	2,178	2,276	2,390
Kodiak Island Borough	1,534	1,636	1,878	2,003	1,857	1,968	1,620	1,757	1,807	2,331	1,873
Lake and Peninsula Borough	—	—	—	—	—	—	—	—	—	—	3,900
Matanuska-Susitna Borough	1,585	1,745	1,926	1,918	2,036	1,725	1,976	1,974	1,968	2,013	2,081
Nome Census Area	1,481	1,646	1,898	1,933	1,980	1,970	1,988	2,022	2,024	2,131	2,114
North Slope Borough	3,800	4,415	4,778	4,849	4,911	4,681	4,341	4,079	4,053	4,181	4,414
Northwest Arctic Borough	1,576	1,717	1,729	1,986	2,020	1,951	1,914	1,958	2,122	2,176	2,427
Prince of Wales-Outer Ketchikan C.A.	1,866	1,851	1,955	2,124	2,091	1,937	2,039	1,954	2,089	2,237	2,297
Sitka Census Area	1,838	2,062	2,140	2,082	2,088	2,000	2,009	2,040	2,045	2,066	2,098
Skagway-Yakutat-Angoon C.A.	1,435	1,623	1,832	2,055	1,703	1,759	1,786	1,746	1,807	2,037	2,224
Southeast Fairbanks Census Area	1,479	1,661	1,637	1,765	1,807	1,900	2,036	1,914	1,890	1,899	1,990
Valdez-Cordova Census Area	2,222	2,407	2,488	2,411	2,501	2,507	2,483	2,475	2,417	4,068	2,673
Wade Hampton Census Area	1,150	1,328	1,444	1,447	1,463	1,414	1,450	1,570	1,452	1,490	1,431
Wrangell-Petersburg Census Area	1,524	1,766	1,909	2,084	1,950	2,098	2,058	2,006	2,065	2,117	2,138
Yukon-Koyukuk Census Area	2,126	2,318	2,405	2,465	2,393	2,063	2,090	2,046	2,082	2,017	2,069
Statewide Average	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310	2,452	2,471

* Aleutian Island census area was divided into Aleutians East Borough and Aleutians Islands West census area in 1988.

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 8

% of Persons in Poverty by State —1990

STATE	
Connecticut	6.0%
New Hampshire	6.3
Rhode Island	7.5
Utah	8.2
Delaware	8.9
Washington	8.9
Oregon	9.2
New Jersey	9.2
Wisconsin	9.3
Nevada	9.8
Maryland	9.9
Nebraska	10.3
Kansas	10.3
Iowa	10.4
Massachussets	10.7
Vermont	10.9
Hawaii	11.0
Pennsylvania	11.0
Wyoming	11.0
Virginia	11.1
ALASKA	11.4
Ohio	11.5
Minnesota	12.0
Indiana	13.0
North Carolina	13.0
Maine	13.1
South Dakota	13.3
Missouri	13.4
North Dakota	13.7
Colorado	13.7
Arizona	13.7
Illinois	13.7
California	13.9
Michigan	14.3
Florida	14.4
New York	14.3
Idaho	14.9
Oklahoma	15.6
Georgia	15.8
Texas	15.9
South Carolina	16.2
Montana	16.3
Tennessee	16.9
Kentucky	17.3
West Virginia	18.1
Alabama	19.2
Arkansas	19.6
New Mexico	20.9
District of Columbia	21.1
Louisiana	23.6
Mississippi	25.7
U.S.	13.5

Source: U.S. Department of Commerce, Bureau of Census.

Table • 7

1991 Federal Poverty Guidelines

Family Size	Alaska	Nationwide (except Alaska and Hawaii)
1	$8,290	$6,620
2	11,110	8,880
3	13,930	11,140
4	16,750	13,400
5	19,570	15,660
6	22,390	17,920
7	25,210	20,180
8	28,030	22,440
For each additional family member add:	2,820	2,260

Source: Federal Register, Vol. 56, No. 122, May 28, 1991.

Table • 9

1991 Lower Living Standard Income Level (LLSIL)

Family Size	Income Criteria for 70% ofthe LLSIL
1	$8,290
2	12,110
3	16,530
4	20,520
5	24,220
6	28,320
7	32,420
8	36,520
For each additional family member add:	$4,100

Source: Federal Register, Vol. 56, No. 102, May 28, 1991.

From a historical perspective, income gains in the past five years have been below average. This has narrowed the gap between Alaska's and the nation's per capita income.

Alaska's per capita income did increase in 1990, but more slowly than the cost of living. Alaska's per capita ranking remained at seventh place in the nation. On the brighter side, Alaskans have a bigger portion of their income after taxes than most states. Alaska's disposable per capita income ranked fifth highest in the nation.

Alaska's average monthly wages followed a path similar to income. This is not surprising since wages make up the largest share of income. The mining industry continued to enjoy the highest average monthly wages and retail trade the lowest.

Measuring Poverty Levels of Income in Alaska

While there is no comprehensive, ongoing measurement to determine what a poverty level of income is in Alaska, two measurements available from federal agencies are provided to help determine what a poverty level income is in Alaska.

The poverty income guidelines shown in Table 7 are used to determine eligibility of individuals and families for a number of federal and state programs. They are derived by adding 25% to the national criteria to take into account the higher cost of living in Alaska. Each year they are updated to reflect the change in the U.S. consumer price index.

Usually the only reliable figures for the number of Alaskans who live in poverty come when the results of the decennial census are released. In a special report, however, not related to the decennial census, the Census Bureau released poverty statistics for all of the states. According to the Census Bureau's survey-based report, 11.4% of Alaska's population lived in poverty in 1990 (see Table 8). In the U.S. as a whole the figure was 13.5%. Alaska ranked 21st in percent of persons living in poverty in the nation. If the higher cost of living in Alaska were taken into account, the state's ranking would probably fall further. No poverty statistics were calculated for areas within the state. Historically, the rate of poverty in Alaska has been considerably higher in rural parts of the state. The poverty statistics from the decennial census should become available sometime next year.

The lower living standard income levels in Table 9 are used to determine eligibility on the basis of economic disadvantage for Job Training Partnership Act (JTPA) and other job and training programs. They are also updated annually.

Results of the *Alaska Economic Trends* Reader Survey

by Chuck Caldwell

Our goal has always been to provide the most useful labor market information publications possible, given our available resources. This year that resource level changed.

We surveyed all subscribers to the *Alaska Economic Trends* this summer. Responses to this survey were analyzed extensively to determine our audience, their uses of the information, and how well they thought the *Trends* met their needs.

Who Reads the *Trends*?

About two-thirds of *Trends* subscribers work in the private sector. Nearly one subscriber in three work for a government agency. Of those about half worked for state government, three-eighths for local government, a few for foreign governments and the rest were federal employees.

Half of the subscribers receiving multiple copies of *Trends* were in government. Many of these subscribers worked in schools and used the *Trends* to teach students about Alaska's economy and provide career guidance.

In the private sector services and finance combined for over half our subscribers. Services accounted for 30% of our private sector subscribers. Many of those readers were lawyers, career counselors, or economic consultants.

The finance industry made up 25% of our private business audience. In contrast, finance accounts for about 5% of Alaska's private sector employment. Many readers commented that *Trends* was a primary source of information used for their Alaska investment decisions. A large retailer confirmed this by saying that *Trends* "Helps our out-of-state lenders keep up with the Alaska economy".

Relatively few subscribers are either very young or old. While 71% of Alaska's adult population is between 25 and 54, 86% of our *Trends* subscribers are in that age category. Others also benefit from *Trends* since many of our subscribers said they used it to teach classes or for career counseling.

Trends subscribers are well educated. Of those responding to the survey, 96% had attended college; 77% graduated; and 40% had received graduate degrees.

Nearly half of our subscribers described themselves as managers. The bulk of the other readers were employed in other professional occupations.

About twice as many men as women subscribe to the *Alaska Economic Trends*.

How Is the *Trends* Used?

We asked subscribers two questions about how they used *Trends*. Below is a table indicating the percentage of subscribers who used *Trends* by type of use (multiple responses were common so the sum of the percentages totals more than 100%):

Type of Use	%
General Information	71
Planning	47
Preparing Presentations	26
Career Guidance	14
Curriculum Planning	7
Reports to Main Office	5
Other Uses	8

Readers were also asked how often they used *Trends*. Overall 77% of our subscribers indicated that they used *Trends* at least monthly, while 21% used it at least weekly. Educators reported a more frequent usage. Of those listing curriculum planning as a use, 92% used *Trends* at least monthly. Of those listing career guidance, 89% used *Trends* at least monthly.

Hundreds of subscribers described how the *Trends* benefitted their respective organizations. Those comments indicated that our audience is diverse and they often regard our information as critical. Readers' comments about the benefits they received indicate that *Trends* is commonly used for planning: investments, careers, government programs, and business expansions. Other common uses included grant writing, wage rate setting, and reference use in libraries.

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How Did Readers Rate the *Trends*?

The following items were rated on a scale of 1 (poor) to 5 (excellent):

Category	Average Rating
Presentation of information	4.4
Content	4.4
Area analysis	4.4
Industry analysis	4.3
Industry forecast	4.1
Review of prior year estimates	4.2

Ratings varied little by readers' characteristics such as age, industry, occupation, education, or gender. Ratings were higher for those who used the *Trends* the most frequently. Most notable was that of 755 people who said that they read labor market information publications frequently or very frequently, **all** rated the presentation of information a 3 or above, with an overall rating of 4.7.

It was encouraging to receive hundreds of positive comments about the quality and usefulness of *Trends*. We also received a few critical comments and those were equally valuable for our planning.

This is a list of the lead articles in order with the highest rated articles first:

- Measuring Alaska's Cost of Living
- The Year Ahead: Forecast 1991-92
- Occupational Outlook to 1994
- The *Trends* Top 100 Employers
- 1990 Census Data Available
- Comparing Employment 1970-80-90
- Is There Still a Labor Shortage in Alaska?
- Alaska's Service Industries
- 1990: Employment Growth Stronger than Predicted
- Layoffs in Alaska: 1989
- The Gender Gap
- A Teacher Shortage?
- Alaska's Timber Industry Faces an Uncertain Future
- Matsu Recovery in Sight
- Registers Ring for Alaska's Retailers
- Sitka: Rich History and Diverse Economy
- Benchmark Revision

Those articles that were very specific to an area or industry tended to have fewer people support them. At least 50 people, however, rated each of the lead articles with the highest score (lead articles were on a scale of 1 to 10). Written comments indicated that those people who were interested in those articles often felt that they were the most important articles produced.

A similar pattern was evident with the "Gender Gap" article. Only 15% of the men rated that article with either a 9 or 10 (the highest), compared to 39% of the women.

Several readers asked that we include more area detail. It is unlikely that we will be able to respond since we only have two area economists now, compared to three in the past.

Others asked for more industry detail, especially for the health industry. Our published industry detail must meet federal standards for sample adequacy. We are analyzing sample requirements needed to add this industry in a future year.

What About the Cover?

The most controversial part of our survey was the question "Do you see a benefit in having a topical artwork cover related to the lead article?". There was nearly an even split between those who just wanted the facts, and those who felt that the cover added to the usefulness of the publication. Managers were the least likely to support the topical artwork cover. Other occupations, especially educators, felt that our covers added to the usefulness of the publication.

What Will Happen to the *Trends*?

For years we have attempted to make *Trends* as cost-effective as possible. Printing and mailing of the *Trends* is done in Alaska by a sheltered workshop which trains the handicapped. As a result, the printing and handling cost per copy of *Trends* is already below that of a decade earlier. These savings were despite substantial upgrades in the quality of the product.

The information you provided to our survey indicates that all categories of information currently published in *Trends* are critical to many readers. In an effort to be responsive to your feedback, our initial adjustments to reduce the cost of the *Trends* will **not** significantly reduce the average page count.

Instead we are now using a lighter weight cover which saves more money than reducing 8 pages per issue. We have also adapted our mailing list to take advantage of every postal discount, and to purge obsolete addresses.

Many readers said that the appearance of the publication added to its credibility when sent to their home office or to out-of-state investors. Our goal is to continue to provide you with accurate, unbiased information in a professional package which meets the needs of our readers.

We thank those of you who completed our survey and those of you who took the additional time to write letters of support. Your input will be an important factor influencing the future of the *Alaska Economic Trends*.

Economy Hits Doldrums in August

by Holly Stinson

Alaska's economy added jobs at a slower rate during the summer of 1991 than at any time since late 1988. August was no exception. Statewide there were 1,300 more jobs than last August, a growth rate of only one-half of one percent. (See Table 1.) Unemployment remained steady at July's 6.7% rate. This is a fairly low rate for Alaska, historically. It is 1.3 percentage points above last year's, however, and there are hundreds more unemployed Alaskans this August than in 1990. (See Table 4.)

Oil prices are holding their own, all signs point to a good year for tourism, and more fish were caught in Alaska this summer than ever before. Why is the economy so sluggish? Is one particular industry or area responsible for putting the brakes on?

Figure 1 shows part of the answer. Industries in the goods-producing sector of the economy began showing over-the-year employment losses in June. These are the industries involved with resource extraction — oil, hard rock mining, timber, and seafood — along with the construction industry. Although employment peaks in many of these industries during summer months, comparisons with the same months of 1990 show fewer jobs in 1991 for June, July and August. The exception is seafood processing, which continued to show strong growth. Jobs in this sector, however, are often filled by nonresidents and are low-paying, while the jobs being lost tend to be in the higher-paying mining, construction and wood products industries. (See Table 3.)

Oil industry picture dims

Employment losses in the oil industry were expected. Prices for North Slope crude oil have been decent — in August the range was between $17 and $18/barrel. Activity on the North Slope, however, was stagnant this summer. No major projects were underway. The three companies involved with Point MacIntyre held off on planned development this summer. The first gas-handling project, GHX-1, is completed; but work on GHX-2 has not yet begun. Even some planned exploration activities could not be carried out in August due to unusually heavy pack ice in northern waters. An over-the-year job loss of 500 in the mining industry was nearly all in the oil sector.

Holly Stinson is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	257,500	258,600	256,200	-1,100	1,300
Goods-producing	48,600	50,500	49,700	-1,900	-1,100
Mining	12,600	12,400	13,100	200	-500
Construction	13,100	12,800	13,400	300	-300
Manufacturing	22,900	25,300	23,200	-2,400	-300
Durable Goods	3,700	3,800	4,800	-100	-1,100
Lumber & Wood Products	2,700	2,800	3,900	-100	-1,200
Nondurable Goods	19,200	21,500	18,400	-2,300	800
Seafood Processing	15,200	17,400	14,500	-2,200	700
Pulp Mills	900	900	1,000	0	-100
Service-producing	208,900	208,100	206,500	800	2,400
Transportation	23,100	23,200	23,000	-100	100
Trucking & Warehousing	2,800	2,800	3,000	0	-200
Water Transportation	1,600	1,600	1,900	0	-300
Air Transportation	7,400	7,400	7,200	0	200
Communications	3,600	3,600	3,400	0	200
Trade	49,500	49,600	49,300	-100	200
Wholesale Trade	8,700	8,700	8,600	0	100
Retail Trade	40,800	40,900	40,700	-100	100
Gen. Merch. & Apparel	6,500	6,400	6,200	100	300
Food Stores	7,000	7,000	7,200	0	-200
Eating & Drinking Places	14,400	14,600	14,400	-200	0
Finance-Ins. & Real Estate	10,500	10,600	10,500	-100	0
Services & Misc.	56,200	56,000	54,500	200	1,700
Hotels & Lodging Places	7,200	7,300	7,200	-100	0
Government	69,600	68,700	69,200	900	400
Federal	19,400	19,300	19,200	100	200
State	20,800	20,900	21,300	-100	-500
Local	29,400	28,500	28,700	900	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	118,450	117,600	115,850	850	2,600
Goods-producing	14,450	14,350	14,150	100	300
Mining	3,900	3,900	3,900	0	0
Construction	7,500	7,350	7,400	150	100
Manufacturing	3,050	3,100	2,850	-50	200
Service-producing	104,000	103,250	101,700	750	2,300
Transportation	11,950	12,100	11,960	-150	50
Trucking & Warehousing	1,700	1,750	1,700	-50	0
Water Transportation	300	300	250	0	50
Air Transportation	4,400	4,400	4,450	0	-50
Communications	2,150	2,100	2,000	50	150
Trade	27,300	27,100	27,000	200	300
Wholesale Trade	6,150	6,100	6,050	50	100
Retail Trade	21,150	21,000	20,950	150	200
Gen. Merch. & Apparel	3,400	3,250	3,250	150	150
Food Stores	3,400	3,400	3,350	0	50
Eating & Drinking Places	7,850	7,850	7,850	0	0
Finance-Ins. & Real Estate	6,500	6,550	6,450	-50	50
Services & Misc.	31,000	31,000	29,650	0	1,350
Hotels & Lodging Places	2,750	2,800	2,700	-50	50
Government	27,250	26,500	26,700	750	550
Federal	10,650	10,600	10,500	50	150
State	7,500	7,350	7,400	150	100
Local	9,100	8,550	8,800	550	300

Fairbanks North Star Borough

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	29,050	28,800	29,050	250	0
Goods-producing	2,800	2,750	3,000	50	-200
Mining	250	250	300	0	-50
Construction	1,850	1,800	2,000	50	-150
Manufacturing	700	700	700	0	0
Service-producing	26,250	26,050	26,050	200	200
Transportation	2,200	2,200	2,300	0	-100
Trucking & Warehousing	500	500	550	0	-50
Air Transportation	500	500	500	0	0
Communications	300	300	300	0	0
Trade	6,600	6,600	6,450	0	150
Wholesale Trade	800	800	800	0	0
Retail Trade	5,800	5,800	5,650	0	150
Gen. Merch. & Apparel	600	600	600	0	0
Food Stores	800	800	850	0	-50
Eating & Drinking Places	2,550	2,550	2,400	0	150
Finance-Ins. & Real Estate	850	850	850	0	0
Services & Misc.	6,900	6,700	6,850	200	50
Government	9,700	9,700	9,600	0	100
Federal	3,200	3,200	3,150	0	50
State	3,950	4,050	4,000	-100	-50
Local	2,550	2,450	2,450	100	100

Anchorage-MatSu Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	126,050	125,400	123,450	650	2,600
Goods-producing	15,100	14,950	14,800	150	300
Mining	4,100	4,100	4,000	0	100
Construction	7,850	7,650	7,800	200	50
Manufacturing	3,150	3,200	3,000	-50	150
Service-producing	110,950	110,450	108,650	500	2,300
Transportation	12,600	12,750	12,500	-150	100
Trade	29,200	29,050	29,050	150	150
Finance-Ins. & Real Estate	6,900	7,000	6,950	-100	-50
Services & Misc.	32,600	32,700	31,250	-100	1,350
Government	29,650	28,950	28,900	700	750
Federal	10,850	10,800	10,600	50	250
State	8,300	8,200	8,250	100	50
Local	10,500	9,950	10,050	550	450

Interior Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	33,750	33,700	34,000	50	-250
Goods-producing	3,200	3,150	3,300	50	-100
Mining	450	450	500	0	-50
Construction	2,000	1,950	2,100	50	-100
Manufacturing	750	750	700	0	50
Service-producing	30,550	30,550	30,700	0	-150
Transportation	2,600	2,550	2,650	50	-50
Trade	7,150	7,100	7,000	50	150
Finance-Ins. & Real Estate	950	900	950	50	0
Services	7,900	7,700	7,800	200	100
Government	11,950	12,300	12,300	-350	-350
Federal	3,950	3,950	3,900	0	50
State	4,300	4,700	4,700	-400	-400
Local	3,700	3,650	3,700	50	0

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	37,050	36,550	37,950	500	-900
Goods-producing	7,950	7,600	8,850	350	-900
Mining	350	350	350	0	0
Construction	1,300	1,300	1,300	0	0
Manufacturing	6,300	5,950	7,200	350	-900
Durable Goods	2,300	2,350	3,350	-50	-1,050
Lumber & Wood Products	2,200	2,250	3,250	-50	-1,050
Nondurable Goods	4,000	3,600	3,850	400	150
Seafood Processing	2,900	2,500	2,650	400	250
Pulp Mills	900	950	950	-50	-50
Service-producing	29,100	28,950	29,100	150	0
Transportation	3,100	3,100	3,200	0	-100
Trade	6,100	6,050	6,150	50	-50
Wholesale Trade	600	600	600	0	0
Retail Trade	5,500	5,450	5,550	50	-50
Finance-Ins. & Real Estate	1,100	1,150	1,100	-50	0
Services & Misc.	6,450	6,450	6,300	0	150
Government	12,350	12,200	12,350	150	0
Federal	2,350	2,350	2,350	0	0
State	5,500	5,500	5,550	0	-50
Local	4,500	4,350	4,450	150	50

Gulf Coast Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	28,200	28,750	28,900	-550	-700
Goods-producing	9,800	10,450	10,300	-650	-500
Mining	1,300	1,250	1,400	50	-100
Construction	1,000	1,050	1,300	-50	-300
Manufacturing	7,500	8,150	7,600	-650	-100
Seafood Processing	6,450	7,100	6,500	-650	-50
Service-producing	18,400	18,300	18,600	100	-200
Transportation	2,200	2,200	2,250	0	-50
Trade	4,650	4,800	4,650	-150	0
Wholesale Trade	650	650	600	0	50
Retail Trade	4,000	4,150	4,050	-150	-50
Finance-Ins. & Real Estate	700	600	700	100	0
Services & Misc.	5,100	5,050	5,150	50	-50
Government	5,750	5,650	5,850	100	-100
Federal	650	650	650	0	0
State	1,800	1,800	1,950	0	-150
Local	3,300	3,200	3,250	100	50

Northern Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	15,750	15,450	16,250	300	-500
Goods-producing	6,900	6,850	7,450	50	-550
Mining	6,400	6,350	6,900	50	-500
Service-producing	8,850	8,600	8,800	250	50
Government	4,300	4,050	4,100	250	200
Federal	300	300	300	0	0
State	400	350	350	50	50
Local	3,600	3,400	3,450	200	150

Southwest Region

	p/ 8/91	r/ 7/91	Changes from: 8/90	7/91	8/90
Total Nonag. Wage & Salary	16,200	18,200	16,000	-2,000	200
Goods-producing	5,550	7,500	5,250	-1,950	300
Seafood Processing	5,200	7,100	4,850	-1,900	350
Service-producing	10,650	10,700	10,750	-50	-100
Government	5,600	5,600	5,750	0	-150
Federal	1,350	1,300	1,350	50	0
State	500	600	550	-100	-50
Local	3,750	3,700	3,850	50	-100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Then in late August Arco announced that their company-wide cost-cutting program would mean the loss of 200-250 jobs in Alaska, both on the North Slope and at headquarters in Anchorage. This is in addition to the 100 jobs lost at Arco and BP by consolidation of their operations at Prudhoe Bay.

Another oil producer, Shell Western E&P Inc., announced that they would discontinue exploration in the Chukchi sea off Alaska's northwest coast, thus ending a three-year, $200 million drilling program. Even before Shell's announcement, a federal offshore lease sale in the Chukchi met with a less-than-enthusiastic response from bidders.

Less activity at Alaska's northern oil fields affects employment in other industries, also. This explains some of the negative growth rate in the construction industry, but not all of it. Although it may look like a busier construction season in many areas of the state, road and residential construction employment has not been high enough to offset the jobs lost when projects ended at remote sites and on military bases. (See "Construction Industry's Changing Role" in October Trends.)

August saw developments in other mining projects. Fairbanks Gold found a purchaser, Amax Gold, for its Fort Knox deposit. If Amax develops the deposit, they would employ several hundred workers to produce an estimated 350,000 ounces of gold a year (this compares to Alaska's total production in 1990 of 232,000 ounces). On the down side, owners of the proposed Wishbone Hill coal mine near Palmer decided to postpone development until 1994 at the earliest.

Mixed news in Alaska's manufacturing sector

Southeast Alaska continued showing negative employment growth in August, mainly due to a weakened wood products industry. (See Table 2.) Timber exports were down $46.8 million in the first half of 1991 from the first half of 1990. Because of the soft market for pulp, Ketchikan Pulp Mill will temporarily put 200 people out of work when they shut down for three weeks in September.

Decline in this industry is not confined to Southeast. Chugach Alaska planned a slowdown of operations at their sawmill in Seward; instead they completely closed down, putting 120 out of work by the end of September. In the Interior Menasha Corp. announced they would not be opening a hardwood chipping operation, after spending a year doing a feasibility study.

Alaska's other large manufacturing sector, seafood processing, looked brighter from an employment standpoint than wood products. Although the industry lost 2,200 jobs from July to August, this usually happens as salmon processing winds down. Over-the-year comparisons showed this August had 700 more jobs. This year's catch of about 180 million fish topped last year's record-setting catch by about 16%. A flood of pink salmon is the main reason for the record harvest. This year's low prices, though, meant less revenue for fish harvesters. In addition, 1991's salmon weighed less than usual. Total pounds caught was ten million less than last year, while the number of fish was about 25 million more.

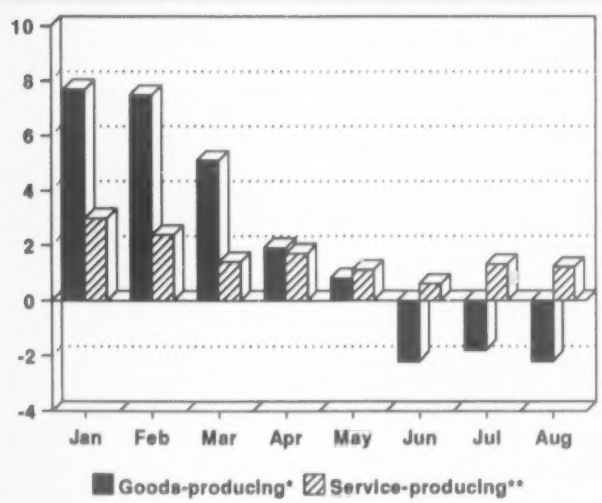
Low prices and low weights combined to put revenues at an estimated $300 million for 1991, compared to $550 million in 1990. The poor season, income-wise, was not limited to one area of the state. Communities in Southeast, Gulf Coast and Bristol Bay all felt the effects and will continue to do so during the winter as less income circulates through their economies.

Service sector keeps economy above water

Most of the industries in Alaska's service-producing sector continue to have more employment com-

Figure • 1

Putting the Brakes on Alaska's Economy
Percent Change in Employment, '90 to '91



Source: Alaska Department of Labor, Research and Analysis Section

*Mining, Manufacturing, Construction

**Transportation, Trade, Finance-Ins. & Real Estate, Services, Government

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 8/91	r/ 7/91	8/90	p/ 8/91	r/ 7/91	8/90	p/ 8/91	r/ 7/91	8/90
Mining	$1,156.18	$1,198.60	$1,116.88	50.4	52.0	48.9	$22.94	$23.05	$22.84
Construction	1,109.73	1,129.72	1,181.47	45.8	46.3	48.6	24.23	24.40	24.31
Manufacturing	597.30	529.50	629.72	55.0	50.0	54.1	10.86	10.59	11.64
Seafood Processing	547.53	470.75	563.57	60.5	53.8	59.7	9.05	8.75	9.44
Trans., Comm. & Utilities	644.79	655.45	598.88	35.1	35.7	34.9	18.37	18.36	17.16
Trade	365.15	366.97	361.76	33.5	33.3	34.0	10.90	11.02	10.64
Wholesale	594.00	588.85	550.37	39.6	39.6	39.2	15.00	14.87	14.04
Retail	317.49	320.96	322.75	32.2	32.0	32.9	9.86	10.03	9.81
Finance-Ins. & R.E	404.74	405.28	388.27	34.3	34.0	33.5	11.80	11.92	11.59

Notes:
p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

pared to 1990, adding jobs at a 1-2% growth rate. Although these industries are holding their own, their growth rates are slowing as the year progresses and jobs are lost in mining, construction and manufacturing.

Until August, government employment was registering a decline in year-to-year comparisons. State government continues to employ fewer public servants than in 1990, but the negative comparisons for federal employment ended in August. That's because last year's census workers kept federal employment temporarily higher than usual for several months. The biggest drop occurred between July and August last year when several hundred jobs ended.

Local school districts employed several hundred more Alaskans this August than last, more than making up for a drop in other local government employment. This trend should continue into the new school year. School districts across the state reported record enrollments in September. The Mat-Su Borough took a never-used high school out of mothballs and had an 8% enrollment increase in the district. Kodiak schools set a 20-year high for number of students, and Valdez schools are nearing capacity with this year's increases. Anchorage saw their highest enrollment ever, surpassing the previous high set six years ago by more than 2,000.

Tourism up in most places

Although difficult to measure, all signs point to a tourism industry that is continuing to grow. The Alaska Railroad will have carried more than half a million passengers by the end of 1991, almost twice as many as just six years ago. In Skagway, the White Pass & Yukon Railroad carried a record-setting 100,000 tourists in the 1991 season. More cruise ships stopped at ports in Southeast and Southcentral Alaska than ever before.

Two areas of the state were not bragging about this year's tourist season — the Kenai Peninsula and Kodiak Island. King salmon sport fishing closures cut into tourist businesses on the central Kenai Peninsula. Kodiak Island was more difficult for tourists to reach this year because of delays getting the state ferry Tustemena into operation. Definitive data are hard to come by since tourism employs people from many different industry categories, but operators on the Kenai and in Kodiak report declines in business ranging from 20% to 60%. Statistics from visitor bureaus and parks confirm there were fewer visitors in these two locations in 1991.

One industry that tourism affects is retail trade. Merchandisers and proprietors of eating and drinking establishments add employees in summer months to deal with the influx of tourists. This August retail trade barely registered growth with just 100 more jobs statewide than in 1990. Anchorage and Fairbanks had higher growth rates, but negative numbers in Southeast and Gulf Coast put a damper on the total picture.

Those retailers who rely on the local population for business remain optimistic, if plans for new stores are any indication. Two retailers in Fairbanks are putting the finishing touches on new stores — Fred Meyer and Sears Roebuck. In Anchorage the battle for market share of the membership-warehouse business continued. Pace (formerly Price Savers) countered Costco's news of plans for a second store located near Pace with their own plans for a second store near Costco's current location.

Summary: Economy barely holds on to growth

Although Alaska's economy continued to create more jobs this August than in August 1990, the count was a mere 1,300, for a growth rate of 0.5%. The unemployment rate held steady in August at July's 6.7%.

The goods-producing side of Alaska's economy — the mining, manufacturing and construction industries — all show job losses when over-the-year comparisons are made. Employment in the oil industry was down. There were no major projects on the North Slope this summer; operators were concentrating on consolidation and cost-cutting. Less activity on the North Slope also affected construction employment. Other reasons for a slower construction season are major projects at remote sites ended and there was less military-related construction than in the past.

In the manufacturing sector, the wood products industry continued to show weakness. This is having a major impact on the Southeast economy and, to a lesser extent, on Southcentral's fledgling wood products industry. The seafood industry fared better, with a record-setting salmon harvest in terms of number of fish. Low prices and smaller fish, however, mean this year's harvest will be worth little more than half of last year's.

Alaska's service sector was responsible for keeping the economy above water in August. All signs pointed to a very good year for tourism, with a couple notable exceptions (central Kenai Peninsula and Kodiak Island). There were several hundred fewer state workers in August compared to August 1990, but increases on the federal and local sides kept total government employment growing. By far most of the increases were in local education as communities across the state faced record school enrollments in 1991.

T a b l e • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 8/91	r/ 7/91	8/90	p/ 8/91	r/ 7/91	8/90	p/ 8/91	r/ 7/91	8/90	p/ 8/91	r/ 7/91	8/90
Alaska Statewide	**268,618**	**269,344**	**266,282**	**17,905**	**18,119**	**14,368**	**6.7**	**6.7**	**5.4**	**250,713**	**251,225**	**251,914**
Anch.-MatSu Region	137,472	136,623	134,084	8,684	8,521	6,903	6.3	6.2	5.1	128,788	128,102	127,181
Municipality of Anchorage	121,575	120,742	118,598	6,838	6,733	5,336	5.6	5.6	4.5	114,737	114,009	113,262
MatSu Borough	15,897	15,881	15,486	1,846	1,788	1,567	11.6	11.3	10.1	14,051	14,093	13,919
Gulf Coast Region	**33,882**	**34,481**	**34,600**	**2,382**	**2,412**	**2,160**	**7.0**	**7.0**	**6.2**	**31,500**	**32,069**	**32,440**
Kenai Peninsula Borough	21,132	21,526	21,451	1,831	1,877	1,574	8.7	8.7	7.3	19,301	19,649	19,877
Kodiak Island Borough	7,582	7,725	7,827	228	238	253	3.0	3.1	3.2	7,354	7,487	7,574
Valdez-Cordova	5,168	5,230	5,322	323	297	333	6.3	5.7	6.3	4,845	4,933	4,989
Interior Region	**37,204**	**37,286**	**37,074**	**3,201**	**3,239**	**2,484**	**8.6**	**8.7**	**6.7**	**34,003**	**34,047**	**34,590**
Fairbanks North Star Bor.	32,205	32,289	32,200	2,722	2,768	2,208	8.5	8.6	6.9	29,483	29,521	29,992
Southeast Fairbanks	2,063	2,079	2,023	179	192	106	8.7	9.2	5.2	1,884	1,887	1,917
Yukon-Koyukuk	2,936	2,918	2,851	300	279	170	10.2	9.6	6.0	2,636	2,639	2,681
Northern Region	**8,534**	**8,415**	**8,540**	**728**	**835**	**578**	**8.5**	**9.9**	**6.8**	**7,806**	**7,580**	**7,962**
Nome	3,163	3,152	3,141	308	379	229	9.7	12.0	7.3	2,855	2,773	2,912
North Slope Borough	3,072	2,985	3,092	119	118	80	3.9	4.0	2.6	2,953	2,867	3,012
Northwest Arctic Borough	2,299	2,278	2,307	301	338	269	13.1	14.8	11.7	1,998	1,940	2,038
Southeast Region	**38,418**	**38,092**	**38,932**	**2,249**	**2,428**	**1,667**	**5.9**	**6.4**	**4.3**	**36,169**	**35,664**	**37,265**
Haines Borough	1,043	1,021	937	183	173	51	17.5	16.9	5.4	860	848	886
Juneau Borough	17,226	16,960	17,578	869	831	726	5.0	4.9	4.1	16,357	16,129	16,852
Ketchikan Gateway Bor.	7,116	7,148	7,238	413	539	332	5.8	7.5	4.6	6,703	6,609	6,906
Pr. of Wales-Outer Ketch.	2,984	2,946	2,884	317	316	136	10.6	10.7	4.7	2,667	2,630	2,748
Sitka Borough	4,439	4,418	4,564	178	217	174	4.0	4.9	3.8	4,261	4,201	4,390
Skagway-Yakutat-Angoon	1,786	1,796	1,829	121	154	113	6.8	8.6	6.2	1,665	1,642	1,716
Wrangell-Petersburg	3,824	3,803	3,902	168	198	135	4.4	5.2	3.5	3,656	3,605	3,767
Southwest Region	**13,108**	**14,447**	**13,052**	**661**	**684**	**576**	**5.0**	**4.7**	**4.4**	**12,447**	**13,763**	**12,476**
Aleutians East Borough	917	1,014	919	6	7	6	0.7	0.7	0.7	911	1,007	913
Aleutians West	2,579	2,852	2,587	26	29	28	1.0	1.0	1.1	2,553	2,823	2,559
Bethel	5,061	5,593	5,024	343	376	295	6.8	6.7	5.9	4,718	5,217	4,729
Bristol Bay Borough	504	546	498	23	14	16	4.6	2.6	3.2	481	532	482
Dillingham	2,317	2,566	2,328	63	74	69	2.7	2.9	3.0	2,254	2,492	2,259
Wade Hampton	1,730	1,876	1,696	200	184	162	11.6	9.8	9.6	1,530	1,692	1,534

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- *Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.*
- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*
- *he employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.*

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions

ALASKA ECONOMIC TRENDS
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EMPLOYMENT SECURITY DIVISION
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JUNEAU, ALASKA 99802

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